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Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007

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Re: Docket for Commission's Inquiry into Possible Rulemaking To Amend the Commission's Securities Regulation Investment Management Rules Related to Licensing Exemption for Investment Advisers to Private Funds Document No.: S-00000E-15-0129

Dear Commissioners:

Arizona needs private equity and venture capital funding to provide a crucial source of financing for business growth in our state. In order to facilitate this type of funding, the legal framework in Arizona should be consistent with other states where we compete for funds and businesses. Currently, our laws and regulations are out of date and we should modify them so that AZ is NOT at a disadvantage.

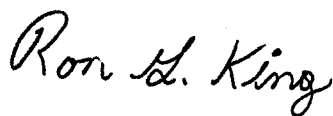
All private equity and venture capital funds are managed by individuals that could be considered "investment advisers" under both federal and state law. If a private equity or venture capital manager learns that Arizona has not modernized its regulatory system to be consistent with other states, they may decide not to locate here or to limit their investments in this state. In fact, this has happened in the past. We believe it is important to update our legal framework to remove any disincentive to the formation and operation of these funds within Arizona. It should be noted that Arizona received 96.5% of its investment capital from outside of the state of Arizona. This is not good for our entrepreneurs and if we add additional hurdles to our ability to acquire investment, it puts the Arizona start up community at a further disadvantage!

In 2011, the North American Securities Administrators Association ("NASAA") adopted a model state-level registration exemption for investment advisers that were in response to changes in federal law and regulations. The adoption of this model rule in Arizona would help establish a regulatory structure that efficiently enables fund managers to comply with both federal and state level exemptions from registration, and provided a basis for generally consistent standards among the various states. Most other states responded by updating their regulatory framework to incorporate all or some form of the NASAA model rule. It is very important that Arizona be competitive and enacts rules/laws that make sense, make us competitive and eliminate the existing, non-beneficial elements of our current rules.

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In Arizona, no exemption from registration currently exists for someone who wants to form or manage a private equity or venture capital fund within the State of Arizona and supply capital to local businesses. Arizona is currently at a competitive disadvantage with other states who have enacted the 'private adviser exemption'. If Arizona enacts the 'private adviser exemption', Arizona could attract private equity or venture capital managers who have chosen not to locate or invest here, due to the current disincentive that is in place and could significantly increase the amount of venture capital dollars available to grow Arizona businesses.

Sincerely,

A handwritten signature in cursive script that reads "Ron L. King". The signature is written in dark ink and is positioned below the word "Sincerely,".

Ron King, Ph.D.
President
BioVenture Services